

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7786

BILL NUMBER: SB 522

DATE PREPARED: Jan 21, 2001

BILL AMENDED:

SUBJECT: Insurance Producer Licensing.

FISCAL ANALYST: Bernadette Bartlett

PHONE NUMBER: 232-9586

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill repeals the current insurance agent licensure statute. The bill adds chapters concerning: (1) insurance producer licensing; (2) insurance producer license renewal; and (3) surplus lines producers. It specifies qualifications and procedures required for licensure of resident and nonresident insurance producers, including reciprocity requirements. This bill also provides for temporary insurance producer licensure. The bill also specifies circumstances in which the commissioner of the Indiana Department of Insurance may suspend, revoke, or refuse to issue or renew a license, including procedural requirements. It also provides for insurer termination of a business relationship with a producer. The bill specifies requirements regarding notification to the commissioner of a termination, including immunity and confidentiality provisions. It contains provisions concerning licensure of insurance consultants, solicitors, fraternal benefit society representatives, and limited lines producers. It specifies actions of the commissioner with regard to a court order concerning child support obligations of a licensee. The bill also provides for fee payment, and pre-licensing and continuing education requirements. It also establishes an insurance producer education and continuing education advisory council. It specifies requirements for maintaining a surplus lines producer's license. The bill makes conforming amendments.

Effective Date: January 1, 2002.

Explanation of State Expenditures: This bill repeals and replaces the current insurance agent licensure statute. There will be no additional expenditures to the Department of Insurance for this change.

Explanation of State Revenues: The bill increases the fee for the approval of a continuing education course from \$10 every year to \$40 every two years. Providers can currently pay a fee of \$250 per year to have an unlimited number of courses approved. This fee is increased to \$500 in the proposal. There are currently about 310 providers with 2,500 to 3,000 courses approved each year. The current fee generates around \$30,000. The increase in the fee could generate an additional \$30,000. However, the bill also provides for a waiver of the fee. The impact will depend on the use of the waiver as well as how many providers opt to

pay the \$500 fee for unlimited course approval. Fees are deposited in the State General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Insurance.

Local Agencies Affected:

Information Sources: Liz Carroll, Deputy Director, Department of Insurance, (317) 232-2406.